



## **ANOTHER STEP TOWARD MEDICARE FOR ALL**

Democrats want to use the budget reconciliation process to massively expand Medicare by covering care for vision, dental, and hearing.<sup>1</sup> This is seen as a top priority for Senator Bernie Sanders and no doubt the first step toward his ambition to have Medicare for All.<sup>2</sup>

- **Expanding the scope of Medicare would undermine Medicare Advantage.**
  - Medicare Advantage Plans (Part C), which are insurance plans offered by private companies approved by Medicare, often cover additional benefits, such as dental, vision, and hearing.<sup>3</sup> These plans already give seniors options for additional coverage depending on varying needs.
  - In just ten years, the enrollment in Medicare Advantage has more than doubled and now covers 26 million people, accounting for 42% of individuals covered by Medicare.<sup>4</sup> Of these beneficiaries, 89% have preventative dental services, 90% have hearing exams, and 98% have vision exams covered in their plans.<sup>5</sup> Therefore, this Medicare expansion would undermine the options for coverage that seniors already use.
- **Socialized healthcare systems result in rationed care.**
  - In countries like the United Kingdom and Canada, care is defined by longer wait times, rationed care, fewer choices, and physician flight, among other poorer care compared to the U.S. (*See RPC's brief titled "High Costs of Socialized Medicine" for more information.*<sup>6</sup>)
  - The Fraser Institute found that average wait times between a referral from a general practitioner to receiving treatment in Canada continued to increase in 2020 to over 22 weeks.<sup>7</sup> A 2014 report found these increased wait times may be associated with over 44,273 female deaths between 1993 and 2009.<sup>8</sup>
  - Although expanding Medicare may increase coverage on paper, often it does not translate to access to care. For example, many doctors and hospitals refuse to see Medicare or Medicaid patients because the programs pay out less to providers than other insurers, and that difference is growing.<sup>9</sup> Government programs are also plagued with administrative problems, which are found to cost physicians to lose far more on billing problems with Medicaid and Medicare than with private insurers.<sup>10</sup>
- **Medicare is already bankrupt and relies on deficit spending.**
  - Although working individuals pay payroll taxes (FICA) that go toward Medicare, the program is not fully financed this way, unlike Social Security.
  - Medicare Part A, which covers Hospital Insurance, is primarily funded through payroll tax revenue. On the other hand, Medicare Parts B and D, which cover Medical Insurance and prescription drug coverage, are primarily funded through general tax revenue.<sup>11</sup>
  - Medicare outlays totaled nearly \$1 trillion in 2020, of which only \$345 billion was covered by payroll tax receipts coming from the Hospital Insurance Trust Fund.<sup>12</sup> Further, according to the latest Trustees report, the Medicare Hospital Trust Fund will become insolvent in 2026.<sup>13</sup>
  - The Congressional Budget Office estimates expanding Medicare to cover vision, dental, and hearing would cost \$358 billion over 10 years, which will become even more expensive over time as enrollments rise and costs of care increase.<sup>14</sup> This proposal could put the Medicare program as a whole on an even more unstable financial footing, harming the seniors it is intended to help.

## POLICY SOLUTIONS

Expanding an already bankrupt Medicare program to cover additional benefits is simply an attempt by Democrats to enact Medicare for All in a piecemeal fashion. Congress should instead focus on solutions to bring down costs, increase access, and improve care for all Americans. For example, creating greater flexibility and expanding access to Health Savings Accounts (HSAs) could empower individuals to save for these future expenses.

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<sup>1</sup> Tami Luhby. Democrats want to expand Medicare benefits through spending bill. CNN. July 14, 2021. <https://www.cnn.com/2021/07/14/politics/medicare-dental-vision-benefits-spending-bill-democrats/index.html>

<sup>2</sup> Burgess Everett. Sanders pushes Medicare expansion in Dems' next big bill. Politico. March 26, 2021. <https://www.politico.com/news/2021/03/26/bernie-sanders-medicare-expansion-478166>

<sup>3</sup> How do Medicare Advantage plans work? U.S. Centers for Medicare and Medicaid Services. <https://www.medicare.gov/sign-up-change-plans/types-of-medicare-health-plans/medicare-advantage-plans/how-do-medicare-advantage-plans-work>

<sup>4</sup> Meredith Freed, Jeannie Fuglesten Biniek, Anthony Damico, and Tricia Neuman. Medicare Advantage in 2021: Enrollment Update and Key Trends. Kaiser Family Foundation. June 21, 2021. <https://www.kff.org/medicare/issue-brief/medicare-advantage-in-2021-enrollment-update-and-key-trends/>

<sup>5</sup> Chris Pope. Filling the Wrong Gap. City Journal. June 29, 2021. <https://www.city-journal.org/dont-expand-medicare-to-cover-dental-benefits>

<sup>6</sup> [https://republicanpolicy.house.gov/sites/republicanpolicy.house.gov/files/documents/Socialized%20Medicine\\_2.pdf](https://republicanpolicy.house.gov/sites/republicanpolicy.house.gov/files/documents/Socialized%20Medicine_2.pdf)

<sup>7</sup> Bacchus Barua and Mackenzie Moir. Waiting Your Turn: Wait Times for Health Care in Canada, 2020 Report. Fraser Institute. December 10, 2020. <https://www.fraserinstitute.org/studies/waiting-your-turn-wait-times-for-health-care-in-canada-2020>

<sup>8</sup> Bacchus Barua, Nadeem Esmail, and Taylor Jackson. Effect of Wait Times on Mortality in Canada. Fraser Institute. May 20, 2014. <https://www.fraserinstitute.org/studies/effect-of-wait-times-on-mortality-in-canada>

<sup>9</sup> Eric Lopez, Tricia Neuman, Gretchen Jacobson, and Larry Levitt. How Much More Than Medicare Do Private Insurers Pay? A Review of the Literature. Kaiser Family Foundation. April 15, 2020. <https://www.kff.org/report-section/how-much-more-than-medicare-do-private-insurers-pay-a-review-of-the-literature-issue-brief/>

<sup>10</sup> Abe Dunn, Joshua D. Gottlieb, Adam Shapiro, Daniel J. Sonnenstuhl, and Pietro Tebaldi. A Denial a Day Keeps the Doctor Away. National Bureau of Economic Research. July 1, 2021. <https://users.nber.org/~jdgottl/BillingCostsPaper.pdf>

<sup>11</sup> What is the Medicare Trust Fund and How is it Financed? Tax Policy Center. <https://www.taxpolicycenter.org/briefing-book/what-medicare-trust-fund-and-how-it-financed> and What's Medicare? U.S. Centers for Medicare and Medicaid Services. <https://www.medicare.gov/what-medicare-covers/your-medicare-coverage-choices/whats-medicare> and How is Medicare Funded? The Medicare Resource Center. October 3, 2019. <https://www.medicareresources.org/faqs/how-is-medicare-funded/>

<sup>12</sup> Medicare Baseline Projections. Congressional Budget Office. July 2021. <https://www.cbo.gov/system/files/2021-07/51302-2021-07-medicare.pdf>

<sup>13</sup> 2020 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds. <https://www.cms.gov/files/document/2020-medicare-trustees-report.pdf>

<sup>14</sup> Budgetary Effects of H.R. 3, the Elijah E. Cummings Lower Drug Costs Now Act. Congressional Budget Office. December 10, 2019. [https://www.cbo.gov/system/files/2019-12/hr3\\_complete.pdf](https://www.cbo.gov/system/files/2019-12/hr3_complete.pdf)